

Transportation Safety Board
of Canada



Bureau de la sécurité des transports
du Canada

Transportation Safety Board of Canada

2013-14

**Quarterly Financial Report for the
Quarter Ended June 30, 2013**

Canada

Introduction:

This quarterly report has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board. This quarterly report should be read in conjunction with the Main Estimates as well as *Canada's Economic Action Plan 2012 (Budget 2012)*.

The Transportation Safety Board's (TSB) sole objective is to advance transportation safety. This mandate is fulfilled by conducting independent investigations into selected transportation occurrences. The purpose of these investigations is to identify the causes and contributing factors and the safety deficiencies evidenced by an occurrence. The TSB then reports publicly and makes recommendations to improve safety and reduce or eliminate risks to people, property and the environment.

The quarterly report has not been subject to an external audit or review.

Basis of Presentation:

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Transportation Safety Board's spending authorities granted by Parliament and those used by the department. Authorities include amounts granted through the Main Estimates for the 2013-14 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes.

As part of the departmental performance reporting process, the TSB prepares its annual departmental financial statements on a full accrual basis in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector. However, the spending authorities voted by Parliament remain on an expenditure basis.

The Statement of Authorities presented in this Quarterly Financial Report reflect authorities voted by Parliament less frozen allotments applied by Treasury Board, in order to present the amount of funding available for use by the department. As part of the Parliamentary business of supply, the Main Estimates must be tabled in Parliament on or before March 1 preceding the new fiscal year. Budget 2012 was tabled in Parliament on March 29, after the tabling of the Main Estimates on February 28, 2012. As a result the measures announced in Budget 2012 could not be reflected in the 2012-13 Main Estimates. In fiscal year 2012-13, frozen allotments were established by Treasury Board authority in departmental votes to prohibit the spending of funds already identified as savings measures in Budget 2012.

For fiscal year 2013-14, the changes to departmental authorities announced in Budget 2012 were reflected in the 2013-14 Main Estimates tabled in Parliament. After the Main Estimates were tabled, Budget 2013 announced a reduction in travel expenditures for departments. As a result, a frozen allotment of \$23,778 was established by Treasury Board authority to the TSB's 2013-14 funding.

Highlights of Fiscal Quarter and Fiscal Year to Date Results:

Statement of Authorities

TSB's total authorities available for use increased by \$209,463 between fiscal years 2012-13 and 2013-14. This increase is explained by additional funding received in 2013-14 for salary increments awarded under signed

collective agreements for certain employee groups (\$330,673) and an increase in the Main Estimates amount for Employee Benefit Plans (\$29,568). Offsetting these increases in funding are the frozen allotment for travel of \$23,778 resulting from Budget 2013, and a reduction of \$127,000 for savings measures announced in Budget 2012 (a reduction of \$846,000 implemented for fiscal year 2013-14 compared to a reduction of \$719,000 implemented for fiscal year 2012-13).

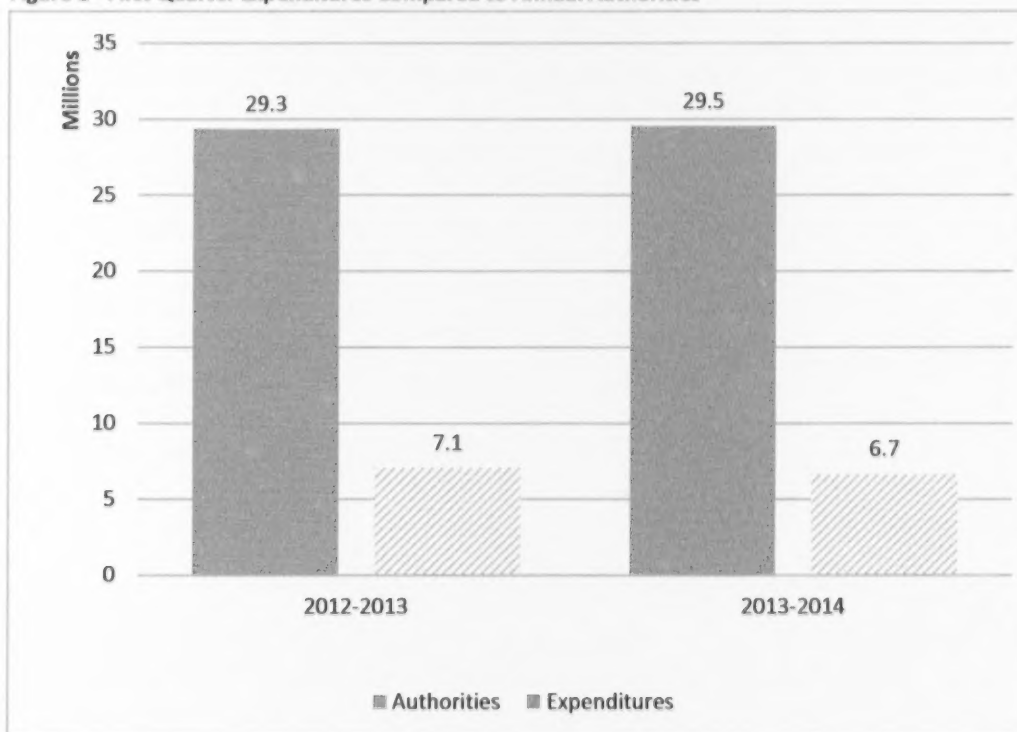
Statement of Departmental Budgetary Expenditures

The department's quarterly and year-to-date spending are lower by \$394,000 or 6% in the current year compared to 2012-13. Decreases in spending occurred almost in every category of expenditures and are consistent with the TSB's plans to achieve the savings required by Budget 2012. The largest decrease was in personnel costs (\$256,000) and is due to the closure of positions at the end of fiscal year 2012-13. Spending in the Information, and Repairs and Maintenance categories increased slightly, which is explained by differences in the timing of spending between quarters of the year.

At the end of the first quarter the TSB spent 74% of planned spending for rentals. This is normal for the first quarter as it is due mainly to expenditures for annual software licenses which are payable at the beginning of the year. There should only be minor increases in the quarters that follow for this expenditure category.

As illustrated in Figure 1, the TSB has spent approximately 23% of its authorities at the end of the first quarter. This spending pattern is consistent with previous years as the TSB's spending is generally distributed equally throughout the year given that the department's most significant expense is salaries. It is worth noting that approximately 40% of the TSB's employees are under unsigned collective agreements, which have been expired for two fiscal years. If these outstanding agreements are signed and ratified during 2013-14, the TSB's personnel expenses will increase as a result of the retroactive payments for salary increments. As part of the cost containment measures announced in Budget 2010, the TSB will have to absorb the cost of these increments within its available authorities.

Figure 1 - First Quarter Expenditures Compared to Annual Authorities



Risks and Uncertainties:

The TSB is funded through annual appropriations. As a result, its operations are impacted by any changes in funding approved through Parliament. As a departmental corporation, it has authority to spend revenues received during the year although such revenues are minimal; on average less than 1% of the department's funding requirements.

A continuous risk to TSB's financial situation is that expenditures are greatly influenced by the number and complexity of transportation occurrences. A significant transportation accident or a flurry of smaller size occurrences could significantly increase expenditures and result in resource pressures that could require the department to seek additional funding from Parliament.

Significant Changes in Relation to Operations, Personnel and Programs:

For the first quarter of 2013-14, there have been no significant changes in relation to operations, personnel and programs over the last year.

Budget 2012 Implementation:

This section provides an overview of the savings measures announced in Budget 2012 that are being implemented in order to refocus government and programs; make it easier for Canadians and business to deal with their government; and, modernize and reduce the back office.

Budget 2012 called upon the TSB to reduce its expenditures by \$1,283,000 by 2014-15, a net reduction of approximately 4.3% of its 2012-13 budget. For fiscal year 2013-14, the reduction of \$846,000 consists of a reduction in the TSB's operating vote of \$746,000 and a reduction in the statutory authorities for employee benefit plans of \$100,000. The TSB has eliminated positions and reduced spending on professional services and special services as well as transportation and communications in order to achieve the reductions in funding. The reduction in expenditures of \$394,000 in these first quarter financial results reflects the implementation of the TSB's savings measures.

During 2013-14, the TSB is continuing to review its operations to identify efficiencies in order to prepare for the incremental reduction in funding that will occur in 2014-15. The TSB intends to implement the funding reductions without impacting the number or quality of investigations or the timeliness of its safety communications.

Approval by Senior Officials:

Approved by,

Wendy A. Tadros
Chair

Date
Gatineau, Canada

Chantal Lemyre, CGA
Chief Financial Officer

Date
Gatineau, Canada

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Statement of Authorities (unaudited)
Fiscal year 2013-14 (in thousands of dollars)

	Total available for use for the year ending March 31, 2014	Expended during the quarter ended June 30, 2013	Year to date used at quarter-end
Main Estimates: Vote 10 - Net operating expenditures	26,063	5,760	5,760
Frozen Travel Funding - Budget 2013	-24	-	-
<i>Total Vote 10 - Available for Use</i>	<i>26,039</i>	<i>-</i>	<i>-</i>
Main Estimates: Statutory authorities - Employee Benefit Plans	3,505	896	896
Total authorities	29,544	6,656	6,656

Fiscal year 2012-13 (in thousands of dollars)

	Total available for use for the year ending March 31, 2013	Expended during the quarter ended June 30, 2012	Year to date used at quarter-end
Main Estimates: Vote 10 - Net operating expenditures	26,479	6,151	6,151
Frozen Funding - Budget 2012	-619	-	-
<i>Total Vote 10 - Available for Use</i>	<i>25,860</i>	<i>-</i>	<i>-</i>
Main Estimates: Statutory authorities - Employee Benefit Plans	3,575	899	899
Reduction - Budget 2012	-100	-	-
<i>Total Statutory authorities - Employee Benefit Plans - Available for use</i>	<i>3,475</i>	<i>-</i>	<i>-</i>
Total authorities	29,335	7,050	7,050

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Statement of Expenditures by Standard Object (unaudited)

Fiscal year 2013-14 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2014	Expended during the quarter ended June 30, 2013	Year to date used at at quarter end
Expenditures:			
Personnel	23,649	5,836	5,836
Transportation and communications ¹	1,776	247	247
Information	142	18	18
Professional and special services	2,350	285	285
Rentals	213	157	157
Repair and maintenance	479	61	61
Utilities, materials and supplies	331	44	44
Acquisition of land, building and works	-	-	-
Acquisition of machinery and equipment	604	8	8
Total net budgetary expenditures	29,544	6,656	6,656

¹Funding freeze of \$23,778 to reduce travel is reflected in planned expenditures.

Fiscal year 2012-13 (in thousands of dollars)

	Planned expenditures for the year ending March 31, 2013	Expended during the quarter ended June 30, 2012	Year to date used at quarter-end
Expenditures:			
Personnel	23,557	6,092	6,092
Transportation and communications	1,773	269	269
Information	141	3	3
Professional and special services	2,236	319	319
Rentals	215	180	180
Repair and maintenance	478	43	43
Utilities, materials and supplies	334	61	61
Acquisition of land, building and works	-	8	8
Acquisition of machinery and equipment	601	75	75
Total net budgetary expenditures	29,335	7,050	7,050